

Message Text

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ORIGIN STR-07

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 INT-05 COME-00
AGRE-00 LAB-04 TRSE-00 EB-08 CEA-01 CIAE-00
DODE-00 FRB-03 H-01 INR-10 L-03 NSAE-00 NSC-05
PA-01 CTME-00 AID-05 SS-15 ITC-01 ICA-11 SP-02
SOE-02 OMB-01 DOE-15 STRE-00 AF-10 ARA-10 NEA-10
/166 R

DRAFTED BY STR:TPSC SUBCOMMITTEE ON GATT AFFAIRS
APPROVED BY STR:WBKELLY, JR
INTERIOR:HANDERSEN
COMM:LMURPHEY
USDA:GWHITE
LABOR:PARKER
TREASURY:EBARBER
STATE:SLATTERY
STR:JTSTEWART

-----002576 210507Z /64

P R 202330Z JUL 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY
INFO AMEMBASSY BANGKOK
AMEMBASSY OTTAWA
AMEMBASSY MADRID
AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE

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USEEC AND USOECD ALSO FOR EMBASSIES

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COUNCIL, JULY 24

REF (A) GENEVA 10157, (B) 10854

THE TRADE POLICY STAFF COMMITTEE HAS APPROVED THE FOLLOWING INSTRUCTIONS (TPSC 78-100) FOR THE SUBJECT MEETING:

1. PROVISIONAL ACCESSION OF THAILAND: GATT MEMBERSHIP FOR THAILAND HAS BEEN AN MTN GOAL FOR THE UNITED STATES, AND THE U.S. REPRESENTATIVE SHOULD SUPPORT THE ESTABLISHMENT OF A WORKING PARTY.

2. BALANCE-OF-PAYMENTS COMMITTEE: REPORTS OF CONSULTATIONS WITH ISRAEL AND FINLAND AND MINICONSULTATIONS WITH BRAZIL AND GREECE: THE U.S. REPRESENTATIVE MAY JOIN IN ADOPTING REPORTS.

3. REPORT OF THE JOINT ADVISORY GROUP FOR THE INTERNATIONAL TRADE CENTER: THE U.S. REPRESENTATIVE MAY JOIN IN ADOPTING THE REPORT.

4. REPORT OF THE BUDGET COMMITTEE: THE U.S. DELEGATE MAY JOIN IN ADOPTING REPORT.

5. CANADA: WITHDRAWAL OF TARIFF CONCESSIONS UNDER ARTICLE XXVIII:3:

(A) WE SHARE MISSION'S DESIRE TO AVOID INVOLVEMENT IN THIS DISPUTE, PARTICULARLY IN VIEW OF PARTIES' EMOTIONAL ATTACHMENT TO THEIR POSITIONS. AS MISSION RECOGNIZES, HOWEVER, WE LIMITED OFFICIAL USE

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AGREE WITH SECRETARIAT'S AND EC'S INTERPRETATION OF PANEL REPORT AND MUST OPPOSE ANY OUTCOME WHICH IMPLIES THAT CONTRACTING PARTIES CAN OBLIGE A PARTY IN AN ARTICLE XXVIII NEGOTIATION TO OFFER (OR ACCEPT) COMPENSATION WHICH IT DOES NOT CONSIDER JUSTIFIED. WE ALSO WISH TO PROMOTE OUTCOME WHICH DOES LEAST DAMAGE TO DEVELOPMENT OF DISPUTE SETTLEMENT MECHANISM, GIVEN UNFORTUNATE AMBIGUITIES OF LAST PARAGRAPH OF PANEL REPORT.

(B) WE WOULD OBVIOUSLY BE DELIGHTED IF PARTIES WOULD AGREE TO CARRY QUESTION OVER TO NEXT COUNCIL MEETING IN HOPES OF RESOLVING DISPUTE BILATERALLY. OPTION A IN GENEVA 10969 IS THEREFORE OUR PREFERRED TACTIC. IF LUYTEN PRESSES FOR ACTION, HOWEVER, U.S. REPRESENTATIVE SHOULD PURSUE OPTION B AS AMPLIFIED IN PARAGRAPH 4, GENEVA 11092. SINCE ALL ALTERNATIVES FOR DEFINITIVE RESOLUTION CURRENTLY APPEAR UNATTRACTIVE OR INFEASIBLE, U.S. REPRESENTATIVE SHOULD OPPOSE ANY ATTEMPT AT THIS MEETING TO REFER REPORT TO OLD PANEL, NEW PANEL, COUNCIL CHAIRMAN, DIRECTOR GENERAL, OR OTHER ENTITY FOR INTERPRETATION. HE SHOULD INFORM CANADIANS PRIVATELY, HOWEVER, THAT THE UNITED STATES BELIEVES THE EC HAS RIGHT TO ACCEPT RETALIATION.

6. SPANISH MEASURES ON IMPORTS OF PULP: IF NORDICS PURSUE THIS QUESTION, U.S. REPRESENTATIVE MAY OFFER LOW-KEY SUPPORT BASED ON INFORMATION IN MADRID 8175 AND OUR OPPOSITION TO IMPORT CONTROLS THROUGH SUPPOSEDLY AUTOMATIC LICENSING SYSTEMS.

7. SECRETARIAT NOTE ON ARTICLE XXVIII PROCEDURE: THE U.S. REPRESENTATIVE MAY JOIN IN TAKING NOTE OF THE DOCUMENT (L/4651) THE SECRETARIAT HAS CIRCULATED. (HE MAY WISH TO CALL SECRETARIAT'S ATTENTION TO TYPO IN PARAGRAPH 1, WHERE "ARTICLE XXVII" SHOULD READ "ARTICLE XXVIII".)

8. U.S. ARTICLE XXIII:2 COMPLAINT AGAINST JAPANESE RESTRAINTS ON IMPORTS OF LEATHER: STATE 181600 CONTAINS TEXT OF LIMITED OFFICIAL USE

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THE WRITTEN NOTIFICATION. SEPTTEL WILL TRANSMIT TEXT OF U.S. STATEMENT TO THE COUNCIL.

9. BIENNIAL REPORTS ON EC-CYPRUS AND EC-MALTA: U.S. REPRESENTATIVE MAY JOIN IN NOTING REPORTS IF HE BELIEVES WASHINGTON CONSIDERATION IS NOT REQUIRED. HOWEVER, U.S. REPRESENTATIVE SHOULD SUGGEST (PUBLICLY OR PRIVATELY) TO SECRETARIAT THAT IN FUTURE SUCH PERIODIC REPORTS BE HELD OVER TO NEXT COUNCIL MEETING TO GIVE CAPITALS AN OPPORTUNITY TO EXAMINE THEM.

10. OTHER BUSINESS: ZENITH CASE: STATE 183017.

11. OTHER BUSINESS: STEEL (IF RAISED):

(A) IF TRIGGER PRICE MECHANISM (TPM) FOR STEEL IS RAISED, THE U.S. REPRESENTATIVE SHOULD ASSERT THAT U.S. ACTIONS TO COUNTER DUMPING HAVE BEEN CONSISTENT WITH OUR GATT OBLIGATIONS, ADDING AS APPROPRIATE:

--THE TPM IS EXCLUSIVELY A DEVICE TO ENABLE THE TREASURY DEPARTMENT TO IDENTIFY IMPORTS OF STEEL AT PRICES WHICH APPEAR TO BE BELOW "FAIR VALUE" UNDER THE ANTIDUMPING ACT AND TO DETERMINE, WITHOUT THE NEED FOR A COMPLAINT AND ON AN EXPEDITED BASIS, WHETHER SUCH SALES ARE IN FACT BELOW FAIR VALUE.

--THERE ARE NO AUTOMATIC PENALTIES UNDER THE TPM, NOR WOULD A SALE BELOW THE TRIGGER PRICE PER SE NECESSARILY RESULT IN ACTION UNDER THE ANTIDUMPING ACT. BEFORE ANY ANTIDUMPING DUTY IS IMPOSED, THE IMPORTERS AND EXPORTERS INVOLVED IN A SALE BELOW THE TRIGGER PRICE WILL BE GIVEN AN OPPORTUNITY TO ESTABLISH THAT IT WAS AT "FAIR VALUE" AS DEFINED IN THE REGULATIONS UNDER THE ACT. THE TPM DETRACTS FROM NO ONE'S RIGHTS UNDER THE ACT, THE GATT, OR THE ANTIDUMPING CODE.
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--THE TPM IS A TEMPORARY DEVICE DESIGNED NOT TO ELIMINATE OR REDUCE IMPORT COMPETITION, BUT ONLY TO ASSURE THAT IMPORTS COMPETE AT FAIR PRICES IN THE U.S. MARKET. IN LIGHT OF THE ITC DETERMINATION THAT IMPORTS OF STAINLESS STEEL PIPE AND TUBE FROM JAPAN HAVE NOT CAUSED OR THREATENED INJURY TO A U.S. INDUSTRY, THE TREASURY DEPARTMENT HAS ANNOUNCED ELIMINATION OF THOSE PRODUCTS FROM THE TPM SYSTEM.

--THERE ARE NO QUANTITATIVE TARGETS IN THE TPM.

--THE TREASURY DEPARTMENT WOULD BE PLEASED TO ANSWER ANY QUESTION ABOUT OR DISCUSS ANY PROBLEM RELATING TO TPM.

(B) STEEL DISCUSSIONS IN THE OECD: IF ANY DELEGATION EXPRESSES AN INTEREST IN U.S. INTENTIONS WITH REGARD TO THE DISCUSSIONS OF STEEL IN THE OECD, THE U.S. REPRESENTATIVE SHOULD NOTE THAT THE UNITED STATES DOES NOT INTEND TO PROPOSE IN ANY FORUM MEASURES THAT RESTRICT THE FREE AND FAIR FLOWS OF TRADE OR TEND TO FREEZE WORLD STEEL SUPPLY. ON THE CONTRARY, WE HAVE BEEN WORKING TO KEEP TRADE, INVESTMENT AND THE FLOW OF TECHNOLOGY IN THE STEEL SECTOR AS FREE AND RESPONSIVE TO MARKET FORCES AS POSSIBLE. OUR OPPOSITION TO CARTELIZATION AND ALL FORMS OF MARKET-SHARING -- INCLUDING ALLOCATIONS OF CAPACITY -- IS WELL ESTABLISHED. VANCE

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